GM plant closings tough on Detroit-area trucking firms

By Bradford Wernle
CRAIN NEWS SERVICE

DETROIT — Truck drivers on their usual holiday layoffs had more to be nervous about at the end of 1987 than in the past. Some of them weren't called back to work in January.

The closing of four General Motors plants in this area will hit some car-hauling companies particularly hard. Each GM plant contracts with only one car-hauling company, said Gerald Bodrie, GM's executive director of logistics operations.

The two companies most affected in the Detroit area will be:

Anchor Motor Freight Inc. in Birmingham, which handled traffic at the Chevrolet-Pontiac-Canada Group's G-car assembly plant in Pontiac. That plant and the companion Flint body plant closed early in December.

Complete Auto Transit Inc. in Bloomfield Hills, which served the Fleetwood and Clark Avenue Cadillac plants. Both plants closed in mid-December.

Tony Kosak, president of Anchor Motor Freight, a division of Cleveland-based Leaseway Transportation Corp., said it's too early to assess the impact. He said about 200 Anchor drivers serve — or served — three GM assembly plants in the Pontiac area. The others are the Orion Township plant and the Fiero plant.

Because Anchor has known about the impending closing for a long time, it has been able to restructure to "take away the sting," Kosak said.

Officials at Complete Auto, a division of Miami-based Ryder System Inc., declined comment on how many drivers might be affected.

Companies transporting parts to GM plants also will feel the pinch.

Robert Duffey II, president of Jones Transfer Inc., based in Detroit and Monroe, Mich., said his company normally lays off about 35 percent of its drivers during the holidays. Jones Transfer delivers automobile parts to GM.

Primarily because of automotive cutbacks, Jones Transfer laid off half of its nearly 1,000 workers in five states during the 1987 holidays.

The closing of the GM plants will cut annual revenues at Jones Transfer about 4 percent, between $2 million and $3 million, Duffey said. The company expects to have about $75 million in sales for 1987, he said. About 60 percent of Jones Transfer's revenues have come from the automobile industry, Duffey said.

Jones has begun to diversify its customer base by opening an air-freight trucking terminal in Romulus, Mich., and hauling goods for companies such as J.C. Penney and Frank's Nursery & Crafts, Duffey said.

Ed Eberle, executive vice president of Earl C. Smith Inc., said about 80 percent of his 200 drivers are usually laid off during the holiday season, primarily because of normal automotive slowdowns. Most of those laid-off drivers are based in Detroit.

Eberle said the GM closings will "certainly result in layoffs and cutbacks" at his company, though he said he could not predict how many workers might be permanently furloughed. Earl C. Smith should have had a break-even 1987 with revenues of about $14 million, he said.

He said increased business from newer GM plants like Detroit-Hamtramck and Orion Township will offset the closings somewhat. Earl C. Smith also is diversifying and is hauling freight for K mart Corp. and other non-automotive companies.

Frank Pearson, president of Express Freight Lines Inc. in Romulus, Mich., said the plant closings won't affect his company's business "one iota."

About three years ago, Express Freight Lines did about 35 percent of its business with American Motors. Another 10 percent came from Chrysler.

Its dependence on the struggling AMC nearly caused Express Freight to close. Pearson was hired in 1984 to shut the company down. Instead, he steered the company toward a more diversified base in general commodities.

Automotive business now accounts for about 2 percent of Express Freight's revenues, Pearson said.

He said the auto industry's price demands on trucking have driven many companies away.

"They've always got other companies standing in line" waiting to pick up the business, Pearson said. "Somewhere down the line, automotive will pay the penalty."

Ron Owens, president of Teamsters Local 299 in Detroit, said companies such as Express Freight are fooling themselves if they think they won't be affected. He predicted that every trucking company in the state will be hit by the plant closings.

Owens said he believes the GM closings will bring on a grave recession.

The closings will have a trickle-down effect, he said: Since plant workers won't be buying goods at grocery stores and elsewhere, other truck traffic will be slowed, too.

"If GM sneezes in this state right here, the economy gets pneumonia," he said.

Owens, whose union represents about 9,500 truck drivers and other workers in Michigan, said the full force of the GM closings won't be known until February or March.

"This thing is going to spread so far around this state, it's going to be like an atomic bomb hit the state," he said.

Owens said union officials have speculated that 500 to 1,000 of the union's members might lose their jobs because of the plant closings.

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Shop volume declines after 4 monthly gains

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

The Automotive News Service Index declined last October after four months of gains.

Service and parts business at new-car dealerships fell 0.7 percent below the October 1986 figure.

In September, the Service Index increased 5.0 percent over the year-ago month.

Shop business during the first 10 months of 1987 was up 2.6 percent over the same period in 1986.

There was no consensus among dealers on reasons for the October decline although service volume often mirrors car sales, which were down 12 percent in October compared with the year-earlier month.

Among dealers reporting service gains in October, a Northeast Chevrolet merchant said an increase in the labor rate and 1986's high new-vehicle sales volume contributed to his success.

A Northeast Ford dealer said he improved the management and attitude in his service department over the previous year.

And a Midwest Buick-Pontiac dealer said unseasonably low temperatures led to lots of radiator and heater repair business as well as tuneup work.

Shop parts sales (customer paid and warranty) led the business indicators in October with an increase of 2.7 percent over October 1986. Sales of all parts and accessories climbed 1.9 percent, and gross profit on all labor, parts and accessories sales rose 0.9 percent over the year-earlier month.

Repair orders written were down 5.7 percent, and total labor sales (customer paid and warranty) fell 3.4 percent in October.

Parts and accessories sales to off-premises customers rose 1.3 percent.

Gross profit on all labor, parts and accessories sales led the indicators for the first 10 months of 1987 with an increase of 5.4 percent. Sales of all parts and accessories rose 4.7 percent; shop parts sales climbed 3.6 percent; and total labor sales were up 1.7 percent.

Repair orders written fell 2.6 percent.

Parts and accessories sales to off-premises customers were up 5.5 percent for the first 10 months of this 1987 compared with the same period in 1986.

SERVICE INDEX 99.3★

	Oct. '87 vs. Oct. '86	10 mos. '87 vs. 10 mos. '86
Gross Profit on All Labor and P&A Sales	+0.9%	+5.4%
Repair Orders Written	−5.7%	−2.6%
Total Labor Sales (Customer & Warranty)	−3.4%	+1.7%
Shop Parts Sales (Customer & Warranty)	+2.7%	+3.6%
Sales of All P&A	+1.9%	+4.7%

★ Survey by Automotive News shows that dealers' service and parts business in October 1987 was 99.3 percent of business in October 1986. Service business in the first 10 months of 1987 was 102.6 percent of business in the corresponding period in

STAND-IN

Kirk in primaries as Iacocca backer

TALLAHASSEE, Fla. — Former Florida Gov. Claude Kirk announced that he will be a candidate in the Democratic presidential primaries as a stand-in for Chrysler Corp. Chairman Lee Iacocca.

Kirk said he has filed petitions to be placed on the New Hampshire primary ballot and has taken steps to be placed on the Florida ballot.

"We also will move as quickly as possible to qualify in at least 20 states in order to obtain matching federal campaign funds," Kirk said.

In addition, the Maryland secretary of state has placed Iacocca's name on the ballot for the March 8 primary without consulting Iacocca.

A spokesman for the Chrysler chairman said, "Mr. Iacocca has said repeatedly he is not a candidate. That remains his position. He is interested in policies, not politics."

"I know Lee has said he is not interested in running for president," Kirk said.

"But I think I know him well enough that if his country calls, he will respond," he said.

Kirk, who was governor of Florida from 1967 to 1970, said he wants "to go to the Democratic nominating convention with enough delegates to generate a draft for Mr. Iacocca."